

**Peninsula Corridor Joint Powers Board
Board of Directors Meeting
1250 San Carlos Avenue, San Carlos CA 94070**

**Minutes
May 6, 2010**

MEMBERS PRESENT: O. Ahmad, M. Church, J. Cisneros, S. Elsbernd (Chair), N. Ford, D. Gage, A. Kalra, A. Lloyd, K. Yeager

MEMBERS ABSENT: None

MTC LIAISON: S. Lempert

STAFF PRESENT: C. Cavitt, A. Chan, M. Espinosa, G. Harrington, C. Harvey, R. Haskin, R. Lake, M. Lee, M. Martinez, N. McKenna, D. Miller, S. Murphy, M. Scanlon, M. Simon, D. Spaethling

Chair Sean Elsbernd called the meeting to order at 10:02 a.m. Director José Cisneros led the Pledge of Allegiance.

PUBLIC COMMENT

Steve Schmidt, Menlo Park, said he was the deciding vote for electrification being the highest priority for Caltrain when he was a director on the Joint Powers Board (JPB). It is the right policy for this Board to pursue.

Jeff Carter, Burlingame, urges the Board to stay with electrification and not depend on High Speed Rail (HSR). There needs to be dedicated funding for Caltrain. Cuts in Caltrain service only fuel the fire for those who want BART down the Peninsula and could affect people's livelihoods.

Allan Ild, San Francisco, said in Mexico City, the only rights bicyclists have is their last rites. He thanked the Board for allowing bikes on Caltrain.

Pat Giorni, Burlingame, said Caltrain passengers going to the San Francisco International Airport must transfer to BART. The airport continues to operate the blue parking buses at the Millbrae Intermodal Station offering free rides for employees and passengers directly to the terminal. She recommends staff get in touch with airport staff and post information about the shuttle for Caltrain customers.

Vaughn Wolfe, Pleasanton, said a study was done in 1992 that electrification would be good for Caltrain. If Caltrain was electrified when the opportunity presented itself and was cheaper, Caltrain wouldn't be in its current financial position.

Charles Vercelli, San Francisco, said he is a weekend rider and is concerned about the possibility of weekend service being cut.

Nadia Naik, Californians Advocating Responsible Rail Design (CARRD), said the Board needs to think carefully and be very explicit about Caltrain's future needs when communicating with the California High Speed Rail Authority (CHSRA) and the public on the HSR project. The public has 30 days to respond to the Alternatives Analysis for HSR and none of the alternatives shown at this point include passing tracks for Caltrain. She said, under the plan, Caltrain will be handing over the passing tracks to HSR, giving up the option of express service and, therefore, will have no more bullet trains. Ms. Naik asked if the full range of possibilities is being considered. CARRD is concerned about the basic service and life of Caltrain.

Director Ash Kalra arrived at 10:16 a.m.

Bruce Jenkins, RailPac, said RailPac strongly supports Caltrain and electrification. The criticism from self-appointed experts and NIMBYs (Not in My Back Yard) on the operation of Caltrain has become exceedingly offensive. RailPac commends staff for the exemplary work and progress the past few years considering the continuous funding situation.

Andy Chow, Bay Rail Alliance, said Bay Rail Alliance is disappointed the Board didn't approve the electrification Environmental Impact Report (EIR) last month. Bay Rail Alliance believes Caltrain has met the legal requirement for environmental clearance, which is the basis for approving the EIR. He believes staff can work with the community to ease their concerns on the EIR.

CONSENT CALENDAR

Approval of Minutes of April 1, 2010

Chair Elsbernd asked that the minutes be removed from the consent calendar due to an error. On page seven, sixth bullet, the correct amount is \$400 million, not \$40 million.

The Board approved the corrected minutes (Gage/Ford).

Chair Elsbernd asked that agenda items 17 and 18 be moved to the consent calendar.

- a. Authorize Executing Purchase Orders of Over \$100,000 for Information Technology License Renewals, Maintenance Services and Professional Services for Fiscal Year (FY) 2011 for an Aggregate Not-to-Exceed Amount of \$700,000
- b. Authorize Execution of Purchase Orders for Technical Related Products and Services to Vendors Under Cooperative Purchasing Programs for an Aggregate Not-to-Exceed Amount of \$300,000 for FY2011

The Board approved the consent calendar (Gage/Ford).

CHAIRPERSON'S REPORT

No report

METROPOLITAN TRANSPORTATION COMMISSION (MTC) LIAISON REPORT

MTC Liaison Sue Lempert said Caltrain needs an ongoing source of funding and needs to address the immediate crisis. Before the partners agree to the 70 percent cut from each agency, they need to find some other way to get funding. She said the partners need to go to each of their

agencies and counties and see if there is some extra short-term funding that can be provided as part of the partner commitment. Ms. Lempert said Caltrain has a bright future and the Board can not let it die.

Public Comment

Ed DeLanoy, San Carlos, asked if Dumbarton Rail restoration is worth being financed as a homeland security priority.

Director Ken Yeager said Santa Clara Valley Transportation Authority (VTA) continues to support its funding of Caltrain and has no issue with keeping its contribution, but it is SamTrans that is cutting its contribution.

REPORT OF THE CITIZENS ADVISORY COMMITTEE (CAC)

CAC Chair John Hronowski reported the following on the April meeting:

1. In the Board reading file is a letter from the CAC supporting the adoption of the final EIR for the electrification program.
2. Executive Officer, Customer Service and Marketing Rita Haskin gave a presentation on TransLink and Executive Officer, Planning and Development Marian Lee and Manager Capital Projects and Environmental Planning Hilda Lafebre gave a presentation on the electrification update.
3. Director Art Lloyd was thanked for attending their meeting.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Michael Scanlon reported:

- Thanked Ms. Naik and the CARRD group for their continuing work and advocating for what is right for the Peninsula. This Board owns this right of way and there is no deadline that anybody is going to give for what needs to be done on this railroad.
- Last month the Board simply deferred the acceptance of the EIR, which is a perfectly valid document.
- Monthly Performance Statistics – March 2010 compared to March 2009
 - a. Total Ridership was 999,004, an increase of 0.5 percent.
 - b. Average Weekday Ridership was 36,056, a decrease of 1.3 percent.
 - c. Total Revenue was \$3,501,706, an increase of 3.4 percent.
 - d. On-time Performance was 96.7 percent, a decrease of 1.5 percent.
 - e. Caltrain Shuttle Ridership was 5,465, a decrease of 13.7 percent.
- Year-to-date Performance Statistics ending March 2010 compared to March 2009
 - f. Total Ridership was 8,860,131, a decrease of 7.4 percent.
 - g. Average Weekday Ridership was 37,225, a decrease of 7.5 percent.
 - h. Total Revenue was \$31,311,119, a decrease of 3.1 percent.
 - i. On-time Performance was 94.3 percent, a decrease of 1 percent.
 - j. Caltrain Shuttle Ridership was 5,674, a decrease of 7.8 percent.
- The Request for Proposals (RFP) for a contractor to operate Caltrain was posted yesterday.
- There were two fatalities in April.
- Giants special event service continues to average about 4,100 riders per game.
- The Bikes on Board count and dwell study began in April and will continue through the end of May. This is the final phase of the bike improvement project. Staff is anticipating a final report to be completed in early July.

- The application deadline for the Bicycle Advisory Committee (BAC) has been extended to May 14.
- Bay to Breakers is May 16 and four extra trains will be operating for the event.
- KFOG KaBoom has moved from the piers in San Francisco to Candlestick Park. Staff will monitor ridership during the day and make adjustments, if need be, for after the fireworks.
- WebEx will be advertising at the San Francisco station for approximately four weeks beginning in mid-May. This will generate about \$15,000 in revenue.
- The reading file contains the latest Caltrain Connection, Take Ones for TransLink, Caltrain CAC recruitment and Bay to Breakers and the Safety and Security Report.
- Caltrain's fiscal problems principally are not Caltrain's solely. The underlying problem is the partner agencies supporting Caltrain are in trouble and SamTrans is at the front of that line. SamTrans must reduce its contribution and expects the other partners to follow suit. At the heart of this problem are significantly lower sales tax revenues for all the partners and it is a cumulative effect of lower or no State transit funding. Caltrain has a very robust system, but it doesn't have any dedicated revenues. The farebox recovery ratio for Caltrain is 43-44 percent and it is too good to abandon. This Board has to do what is right for the long-term. These fiscal issues are happening literally everywhere across this country. Public transportation is being cut at precisely the time it should be expanding. Going forward the railroad must be electrified and modernized. The financial crisis is big and if electrification happens it becomes half as big.

Peninsula Rail Program (PRP) Update

CHSRA Regional Manager Dominic Spaethling reported:

- On April 8, the preliminary Alternatives Analysis document for the San Francisco-to-San Jose section was released. There have been seven workshops held to allow the community to hear a presentation about what is in the document, how to read it and provide feedback to staff.
- This is a preliminary report and staff will report back the the CHSRA with a submittal report reflecting comments received.
- There is no definite end date for the comment period for the Alternatives Analysis document. The goal is to have each city comment on the document. Another goal is to have the draft EIR out in December 2010.

Director Omar Ahmad asked whether the CHSRA has hired a new chief executive officer. Mr. Scanlon said an offer is being made to Roelof van Ark today.

Director Ahmad said the public has not been given the ability to understand the Alternatives Analysis process. He supports the reiterations, but the public has some expectation of when the next reiteration will be released. Director Ahmad would like to see this plan brought to the Board with full disclosure so the public knows what they can expect and he asked that the plan be presented by a marketing person, not an engineer.

Mr. Spaethling said that at the workshops, staff describes the alignment issues and discussions include the stations and locations for both High Speed Rail (HSR) and Caltrain. He said there are intermediary points for public comment and outreach between now and the draft document in December.

Director Don Gage said the biggest problem in southern Santa Clara County is the alignment.

Annual Passenger Counts

Deputy CEO Chuck Harvey made the following points:

- Headcounts are taken on every weekday train and averaged over a five-day period for average weekday ridership. Headcounts are taken on every weekend train for one weekend only.
- Northbound morning peak ridership was down 6.6 percent; midday was down 8.7 percent; the reverse southbound morning peak ridership was down 5.6 percent and evening ridership was up 3.8 percent. The net of all of these is a 6 percent decline in ridership.
- This was the first year since 2004 there was a decline in average weekday ridership.
- San Francisco and San Martin stations had an increase in ridership and 27 stations had a decrease in ridership.
- Ridership in San Francisco County remains flat and San Mateo and Santa Clara counties each had losses in ridership.
- Santa Clara County had the highest decrease in ridership, but still generates the most revenue.
- Gilroy ridership has decreased 27.6 percent since 2006.
- Average trip length increased slightly from 22.3 to 23 miles.
- Average weekday bicycle ridership decreased 8.9 percent.
- The top five bicycle boarding stations are San Francisco, Palo Alto, Mountain View, San Jose Diridon and Redwood City.
- Weekend ridership increased 1.1 percent.
- Ridership decreases are slightly less than expected given the local economic climate.
- The Fiscal Year (FY) 2011 budget remains challenging with a projected deficit.
- This data will be used to develop service suspension scenarios that impact the fewest number of customers, maintains service productivity and secures the largest cost reduction with the ability to reinstate service when possible.

Director Gage asked about Atherton ridership. Mr. Harvey said Atherton ridership is down for both Saturday and Sunday.

Public Comment

Pat Giorni, Burlingame, said it is great the Alternatives Analysis meetings are taking place, but the cost burden for these meetings is being put on the cities and municipalities. A few cities have asked to be reimbursed for the cost.

Ms. Lempert said she went to the community meeting at the San Mateo Library and was quite impressed with staff and the information that was available.

Mr. Scanlon said Congresswoman Jackie Speier wrote to CHSRA Chair Curt Pringle and asked if there was any way to help some of the cities with costs associated with the meetings.

Director Nat Ford said the San Francisco partners including the mayor of San Francisco, have had discussions on the partner commitment. He said the San Francisco Municipal Transportation Authority budget includes a significant reduction in the partner contribution, but staff is aggressively looking at obtaining additional funding for Caltrain. The ridership numbers speak to the importance of Caltrain in San Francisco.

ACCEPTANCE OF STATEMENT OF REVENUES AND EXPENSES FOR MARCH 2010

Deputy CEO Gigi Harrington said fare revenues are down, but overall revenues are slightly over budget due to payments from Union Pacific for track maintenance. On the expense side, there are savings from the fuel hedge program. Last week, fuel was \$2.30 per gallon.

A motion (Gage/Cisneros) to accept the March statement was approved unanimously.

PRELIMINARY FISCAL YEAR 2011 OPERATING BUDGET

Ms. Harrington made the following points:

- The FY2011 budget builds upon the FY2010 budget with service levels remaining unchanged.
- Total revenue is \$78.9 million, a decrease of \$18.3 million. Fare revenue totals \$43.4 million.
- Total expenses are \$102.4 million with the rail operator contract being the largest expense at \$59 million. Expenses increased \$5.2 million.
- SamTrans has initiated a decrease in its contribution to the JPB and expects the other member agencies to decrease accordingly.
- JPB member agency contributions are projected to decrease due to the impact of State budget cuts on each member agencies' revenues.
- To close the gap, staff is recommending using \$5 million from State Transit Assistance (STA) funding and \$6 million in savings from FY2010.
- There is a projected \$12.5 million deficit for FY2011.
- Staff will be looking at a fare increase and possible service changes to include the closing of the ticket offices in San Francisco and San Jose; the Holiday Train; Gilroy service; midday, weekend and late night/early morning service.
- Increasing service is not an option because the diesel system is operating at maximum capacity within the existing service model.
- Caltrain is experiencing decreased ridership with the economic downturn.
- The system's structural deficit will continue to increase and eventually threaten the entire Caltrain system without an ability to expand capacity and attract new riders with improved service.

Chair Elsbernd asked what the basis is for the reduction in total fare revenue in FY2011.

Ms. Harrington said she is using the current year-to-date number, which is under budget by about \$600,000.

Chair Elsbernd asked about STA funding being used on the operating side and if it is safe to assume this is one-time funding or will this be an ongoing source of revenue. Mr. Scanlon said staff needs to be very cautious on this.

Director Ken Yeager said if member contributions were made would there still be a deficit.

Mr. Scanlon said SamTrans has a \$28.5 million deficit and a large debt service for BART. The Caltrain operation is run at a 10 percent administrative cost with 40 employees. Director Yeager said he is not critical, but the partner agencies will feel the repercussions. Mr. Scanlon said the Chair has appointed a budget sub-committee consisting of Directors Mark Church, Ash Kalra and himself to discuss the financial issue. He said SamTrans can't be funding regional rail trips

for upscale commuters by abandoning the bus riders. Last year SamTrans service was cut 7.5 percent, 60 people were laid off and fares were raised twice in the last two years.

Director Ford asked if the same level of partner contributions is projected for FY2012 or a lower amount. Ms. Harrington said she proportionately reduced the partner contributions to what SamTrans receives from the San Mateo County Transportation Authority.

Director Gage said VTA is okay this year but next year there is a \$40 million gap and the only way to solve the budget issue is cutting wages and benefits. The VTA is looking at eliminating everything that doesn't have to do with a train or bus.

Public Comment

Jeff Carter, Burlingame, said everyone is looking to save costs and the partners need to do whatever possible to find funding. He urged the Santa Clara County representatives to tell the full VTA board how much debt BART has produced for SamTrans. Mr. Carter asked if TransLink will reduce onboard fare collection costs.

Andy Chow, Bay Rail Alliance, said the Board needs to do everything they can to fill the budget gap for the next few years. He sits on the SamTrans CAC, and last year all express service was cut and passengers went to Caltrain. If Caltrain doesn't run on weekends, the only alternative is local bus service.

Vaughn Wolfe, Pleasanton, said at one time there was authority given to the region for a regional gas tax and this may be the time to push for it.

Mr. Scanlon said it costs money to run the transit agencies and he doesn't want to pit agencies against each other. The MTC is beginning a two-year sustainability study to look at all the transit systems and all the services. Ultimately, the voters may have to weigh in.

PRELIMINARY FISCAL YEAR 2011 CAPITAL BUDGET

Director of Budgets and Grants April Chan made the following points:

- The goals of the budget are:
 1. Invest in infrastructure and equipment improvements to maintain a system in a state of good repair.
 2. Continue work on the overall program management for the PRP and to coordinate planning and design efforts for the HSR system along the Caltrain corridor with the CHSRA.
 3. Provide funding to procure equipment to meet the Federal Communications Commission (FCC) mandate.
- The total proposed FY2011 Capital budget is \$37.3 million.
- Some of the capital program/project highlights are:
 1. Continue design efforts for the Los Gatos Creek Bridge replacement project. The estimated cost of the project is \$12.4 million.
 2. Rehabilitate track and related structures at an estimated cost of \$7 million.
 3. Rehabilitate components of the current fleet of passenger cars and locomotives to ensure vehicles will operate reliably through the end of their useful lives. The estimated cost is \$29.1 million.

4. Procure radio equipment to meet FCC mandates. The estimated budget for this project is \$2.2 million
 5. Continue the Caltrain Safety Fencing Program at an estimated budget of \$9 million.
 6. Funding for ongoing program management and oversight for the PRP.
- If the proposed budget is fully funded, \$18.6 million is needed from the partner agencies.

CALL FOR A PUBLIC HEARING ON JUNE 3, 2010 TO DECLARE A FISCAL EMERGENCY FOR THE PENINSULA CORRIDOR JOINT POWERS BOARD FOR FISCAL YEAR 2011

Public Comment

Jeff Carter, Burlingame, said, hopefully, everything can be put on the table such as diverting capital costs into operating funds.

Director Ahmad asked about the budget process. Mr. Scanlon said in a normal year, staff would present a preliminary budget at the May meeting and the final budget would be presented in June for adoption. This is not the case this year and staff will be working with General Counsel so that funding authority is available on July 1. He said staff will be working with the budget committee and recommend adoption of a temporary budget in June.

A motion (Church/Gage) to call for a public hearing to declare a fiscal emergency was approved unanimously.

ACCEPTANCE OF THE QUARTERLY INVESTMENT REPORT AND FIXED INCOME MARKET REVIEW AND OUTLOOK FOR THE QUARTER ENDED MARCH 31, 2010

Bill Osher, CSI Capital Management, Inc. said interest rates have remained pretty low. One of the challenges in managing the portfolio is to produce a decent return in a very low rate environment and keep the safety of the portfolio at the highest level. Mr. Osher said there was good growth in the fourth quarter; first quarter was above 3 percent; and this quarter is looking to be stronger than last quarter. The current market is being driven by a combination of problems in Europe, particularly with the situation in Greece. Mr. Osher said going forward rates should be a bit higher by the end of the year and earn more money for the portfolio.

A motion (Cisneros/Ford) to accept the Quarterly Investment Report was approved unanimously.

ADOPTION OF THE CALTRAIN COMPREHENSIVE ACCESS PROGRAM – POLICY STATEMENT

Manager of Planning and Research Marisa Espinosa made the following points:

- The purpose of the program is to take advantage of potential long-term ridership.
- There are four main components of the Access Program (Program). What is being presented today is a focus on step 1, the Comprehensive Access Policy Statement (Policy).
- The components of the Policy are a set of guiding principles, access mode priorities, both at a systemwide and station specific level, and example access strategies.
- Outreach was done with Staff Coordinating Council (SCC), JPB CAC, City/County Association of Governments (C/CAG) Bicycle and Pedestrian Advisory Committee and

the San Francisco and Silicon Valley Bicycle coalitions. In addition, staff solicited for public comment on the draft policy.

- Key comments received included strong support for the Policy and Program; improve transit coordination; emphasize bike access over transit; request for more bikes on board; specific bike/pedestrian improvements at stations and concern for potential Caltrain service reductions.
- Once the bike counts currently being done are completed, a bike-on-board assessment will be done.

A motion (Gage/Ahmad) to adopt the Comprehensive Access Program-Policy Statement was approved unanimously by roll call.

Sue Lempert left at 12:03 p.m.

AUTHORIZE PUBLICATION AND APPROVAL OF THE PROPOSED DISADVANTAGED BUSINESS ENTERPRISE (DBE) OVERALL GOAL OF 10.5 PERCENT FOR FEDERAL TRANSIT ADMINISTRATION (FTA) ASSISTED CONTRACTS FOR FISCAL YEARS 2011-2013

A motion (Ford/Ahmad) to publish and approve the proposed DBE goal of 10.5 percent for FTA assisted contracts for FY2011-2013 was approved unanimously by roll call.

AUTHORIZE AWARD OF CONTRACT TO URS CORPORATION FOR CONSTRUCTION MANAGEMENT SERVICES FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$11,775,000 OVER A THREE YEAR PERIOD

Director of Contracts and Procurement Cheryl Cavitt said SCC is requesting Board approval of a contract to URS Corporation for Construction Management Services.

A motion (Yeager/Ahmad) to award a contract to URS Corporation for construction management services was approved unanimously by roll call.

STATE AND FEDERAL LEGISLATIVE UPDATE

Government Affairs Manager Seamus Murphy reported:

- There is a \$400 million appropriation next year for transit and Caltrain will be receiving \$5 million. The sales tax on diesel fuel provides approximately \$4.5 million a year for Caltrain. This is based on the \$350 million statewide program.
- The Local Taxpayer, Public Safety and Transportation Protection Act submitted 1.1 million signatures last week, which should qualify the measure for the November ballot.
- There is some legal ambiguity with the STA program given the gas tax swap's elimination of spillover transit funding. As long as the swap survives the next budget negotiation, and if the measure passes, then worst case scenario for transit would be guaranteed protections that cover a minimum level of \$260 million statewide for the STA program. This would mean would be approximately \$3.4 million a year and it would be protected funding. At best, the measure would undo the swap completely and fully protect an STA program that includes restored spillover funds. This would be a dramatic increase in what the STA program is scheduled to receive. Either option is preferable compared to what we have today since the Legislature currently reserves the right to redirect that funding at any time.

CORRESPONDENCE

None

BOARD MEMBER REQUESTS

None

GENERAL COUNSEL REPORT

Mr. Miller said, in conjunction with Ms. Lee and her staff, outreach has been initiated to all those who issued comments or appeared before the Board last month with respect to the EIR on the electrification project. The purpose of the outreach is to indicate staff is listening to their concerns and the EIR prepared adequately addresses these concerns.

DATE/TIME/PLACE OF NEXT MEETING

Thursday, June 3, 2010, 10 a.m. at San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA 94070

ADJOURNED

Adjourned at 12:08 p.m.